



**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

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WENDY L. WATANABE
CHIEF DEPUTY

December 27, 2007

TO: Supervisor Yvonne B. Burke, Chair
Supervisor Gloria Molina
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

FROM: J. Tyler McCauley
Auditor-Controller

Wendy L. Watanabe for

SUBJECT: **UAW - LABOR EMPLOYMENT AND TRAINING CORPORATION
CONTRACT – A COMMUNITY AND SENIOR SERVICES WORKFORCE
INVESTMENT ACT PROGRAM PROVIDER**

We have conducted a program, fiscal and administrative contract review of UAW - Labor Employment and Training Corporation (UAW-LETC or Agency), a Community and Senior Services (CSS) Workforce Investment Act (WIA) program provider.

Background

CSS contracts with UAW-LETC, a non-profit public benefit corporation to provide and operate the WIA Adult Special Needs Program. The WIA Adult Special Needs Program is a comprehensive training and employment program to assist low income adults with multiple barriers including substantial language, cultural, offenders, homeless individuals and/or other hard-to-serve populations as defined by the Governor to obtain employment, retain their jobs and increase their earnings. The types of services provided by UAW-LETC include career planning, occupational skills training and job placement. UAW-LETC is located in the First and Second Districts.

UAW-LETC is compensated on a cost reimbursement basis. UAW-LETC's contract was for \$82,371 for Fiscal Year 2006-07.

Purpose/Methodology

The purpose of the review was to determine whether UAW-LETC complied with its contract terms and appropriately accounted for and spent WIA funds in providing the services outlined in their County contract. We also evaluated the adequacy of the Agency's accounting records, internal controls and compliance with federal, State and County guidelines. In addition, we interviewed a selected number of the Agency's staff and clients.

Results of Review

Overall, UAW-LETC provided the program services to eligible participants and the Agency maintained sufficient internal controls over its business operations. UAW-LETC also implemented the six recommendations contained in our prior FY 2005-06 monitoring review. However, UAW-LETC did not always comply with WIA and County contract requirements. For example, UAW-LETC:

- Did not complete the Individual Employment Plans for two (20%) of the ten participants sampled as required.
- Did not report the participants' program activities for two (20%) of the ten participants sampled in the Job Training Automation system.
- Did not obtain a criminal clearance for the one employee assigned to the WIA program. Subsequent to our review, UAW-LETC obtained a criminal record clearance for the employee.

In addition, UAW-LETC overbilled CSS \$440 in unsupported program expenditures. Subsequent to our review, UAW-LETC provided additional documentation to support the expenditures.

Details of our review along with recommendations for corrective action are attached.

Review of Report

We discussed our report with UAW-LETC and CSS on November 8, 2007. In their attached response, UAW-LETC concurred with our findings and recommendations. We thank UAW-LETC for their cooperation and assistance during this review. Please call me if you have any questions or your staff may contact Don Chadwick at (626) 293-1102.

JTM:MMO:DC

Attachment

c: William T Fujioka, Chief Executive Officer
Cynthia Banks, Director, Department of Community and Senior Services
Robert Nelson, President and Chief Executive Officer, UAW-Labor Employment
and Training Corporation
Public Information Office
Audit Committee

**WORKFORCE INVESTMENT ACT PROGRAM
UAW - LABOR EMPLOYMENT AND TRAINING CORPORATION
FISCAL YEAR 2006-07**

ELIGIBILITY

Objective

Determine whether UAW - Labor Employment and Training Corporation (UAW-LETC or Agency) provided services to individuals that meet the eligibility requirements of the Workforce Investment Act (WIA).

Verification

We reviewed the case files for ten (50%) of the 20 program participants that received services between July 2006 and June 2007 for documentation to confirm their eligibility for WIA program services.

Results

All ten participants sampled met the eligibility requirements for the WIA program.

Recommendation

There are no recommendations for this section.

BILLED SERVICES/CLIENT VERIFICATION

Objective

Determine whether UAW-LETC provided the services in accordance with the County contract and WIA guidelines. In addition, determine whether the program participants received the billed services.

Verification

We reviewed the documentation contained in the case files for 10 (50%) participants that received services during July 2006 through June 2007. We also interviewed five program participants.

Results

The five program participants interviewed stated that the services they received met their expectations. However, UAW-LETC did not complete the Individual Employment Plans (IEPs) for two (20%) participants sampled in accordance with WIA guidelines.

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The IEP is an on-going plan jointly developed by the participant and the case manager that identifies the participant's employment goals, achievement objectives and the services needed to achieve their employment goals.

In addition, UAW-LETC did not report the participants' program activities for two (20%) of the ten participants sampled in the Job Training Automation (JTA) system. The JTA system is used by the State of California Employment Development Department and the Department of Labor to track WIA participant activities.

Subsequent to our review, UAW-LETC completed the IEPs for the two participants and updated the JTA system to accurately reflect one of the two participants' program activities.

Recommendations

UAW-LETC management:

- 1. Ensure that the IEPs are completed in accordance with WIA guidelines.**
- 2. Ensure that staff accurately report the participants' program activities into the JTA system within 30 days of the program activities as required by the County contract.**

CASH/REVENUE

Objective

Determine whether cash receipts and revenues are properly recorded in the Agency's records and deposited timely in their bank account. In addition, determine whether there are adequate controls over cash, petty cash and other liquid assets.

Verification

We interviewed Agency personnel and reviewed financial records. We also reviewed the Agency's April 2007 bank reconciliation.

Results

UAW-LETC maintained adequate controls to ensure that revenue was properly recorded and deposited in a timely manner

Recommendation

There are no recommendations for this section.

EXPENDITURES/PROCUREMENT**Objective**

Determine whether the program related expenditures are allowable under the County contract, properly documented and accurately billed.

Verification

We interviewed Agency personnel, reviewed financial records and reviewed documentation to support 15 non-payroll expenditure transactions billed by the Agency for July 2006 through April 2007, totaling \$5,781.

Results

UAW-LETC overbilled CSS \$440 in unsupported program expenditures. Specifically, UAW-LETC did not provide adequate documentation to support \$440 in bus tokens purchased during FY 2006-07.

Subsequent to our review, UAW-LETC provided additional documentation to support the expenditures.

Recommendation

3. UAW-LET management ensure that adequate documentation is maintained to support the program expenditures.

INTERNAL CONTROLS/CONTRACT COMPLIANCE**Objective**

Determine whether the contractor maintained sufficient internal controls over its business operations. In addition, determine whether the Agency is in compliance with other program and administrative requirements.

Verification

We interviewed Agency personnel, reviewed their policies and procedures manuals, conducted an on-site visit and tested transactions in various non-cash areas such as expenditures, payroll and personnel.

Results

Generally, UAW-LETC maintained sufficient internal controls over its business operations.

Recommendation

There are no recommendations for this section.

FIXED ASSETS AND EQUIPMENT**Objective**

Determine whether UAW-LETC's fixed assets and equipment purchases made with WIA funds are used for the WIA program and are safeguarded.

We did not perform test work in this section as UAW-LETC did not use WIA funds to purchase fixed assets or equipment.

PAYROLL AND PERSONNEL**Objective**

Determine whether payroll is appropriately charged to the WIA program. In addition, determine whether personnel files are maintained as required.

Verification

We traced payroll expenditures totaling \$4,093 for one employee for March 2007 to the Agency's payroll records and time reports. We also interviewed the employee and reviewed the personnel file for the employee assigned to the WIA program.

Results

UAW-LETC appropriately charged payroll expenditures to the WIA program. However, UAW-LETC did not obtain a criminal record clearance for the one employee assigned to the WIA program. This finding was noted during the prior year's monitoring report.

Subsequent to our review, UAW-LETC obtained the criminal record clearance for the one employee.

Recommendation

4. UAW-LETC management ensure that a criminal record clearance is obtained for all employees assigned to the WIA program.

COST ALLOCATION PLAN**Objective**

Determine whether UAW-LETC's Cost Allocation Plan was prepared in compliance with the County contract and the Agency used the plan to appropriately allocate shared program expenditures.

Verification

We reviewed UAW-LETC's Cost Allocation Plan and reviewed a sample of expenditures incurred by the Agency in July 2006 through April 2007 to ensure that the expenditures were properly allocated to the Agency's programs.

Results

UAW-LETC's Cost Allocation Plan was prepared in compliance with the County contract and costs were appropriately allocated.

Recommendation

There are no recommendations for this section.

CLOSE-OUT REVIEW**Objective**

Determine whether the Agency's Fiscal Year (FY) 2005-06 final close-out invoice was reconciled to the Agency's financial accounting records.

Verification

We traced the Agency's FY 2005-06 general ledger to the Agency's final close-out invoice.

Results

UAW-LETC's FY 2005-06 general ledger reconciled to the Agency FY 2005-06 final close-out invoice.

Recommendation

There are no recommendations for this section.

PRIOR YEAR FOLLOW-UP**Objective**

Determine the status of the recommendations reported in the prior monitoring review completed by the Auditor-Controller.

Verification

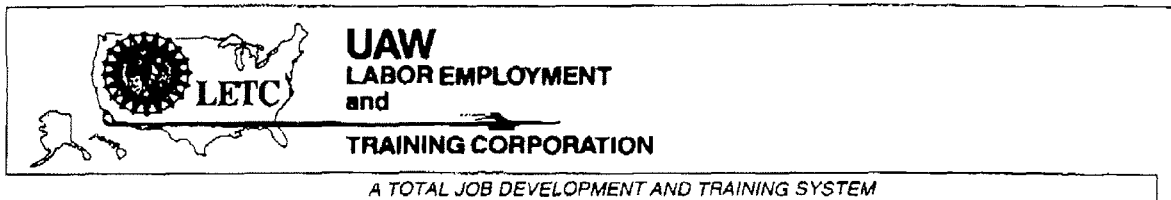
We verified whether the outstanding recommendations from Fiscal Year 2005-06 monitoring review were implemented. The report was issued in June 2007.

Results

The prior year's monitoring report contained six recommendations. As of November 8, 2007, UAW-LETC implemented all six recommendations.

Recommendation

There are no recommendations for this section.



DATE: December 11, 2007

TO: J. Tyler McCauley
Auditor-Controller

RE: **UAW-Labor Employment and Training Corporation Workforce Investment Act Adult Special Needs Fiscal Year 2006-07 Contract Monitoring Response**

FROM: *Robert Nelson*
Robert Nelson, President/CEO
UAW-LETC

The purpose of this correspondence is to officially respond to Workforce Investment Act (WIA) Program, Fiscal and Administrative Review conduct by your staff for Fiscal Year 2006-07. UAW-Labor Employment Training Corporation (UAW-LETC) management's response is in accordance with the audit results and audit staff recommendations in the following contract areas: **Billed Services/Client Verification, Expenditures/Procurement, Internal Controls/Contract Compliance, Payroll and Personnel.**

BILLED SERVICES/CLIENT VERIFICATION

Results

The five program participants interviewed stated that the services they received met their expectations. However, UAW-LETC did not complete the Individual Employment Plans (IEPs) for two (20%) participants sampled in accordance with WIA guidelines. The IEP is an on-going plan, jointly developed by the participant and the case manager that identified the participant's employment goals, achievement objectives and the services needed to achieve their employment goals. In addition, UAW-LETC did not report the participants' program activities for two (20%) of the ten participants sampled in the Job Training Automation (JTA) system. The State of California Employment Development Department and the Department of Labor to track WIA participant activities use the JTA system.

Subsequent to our review, UAW-LETC completed the IEPs for the two participants and updated the JTA system to accurately reflect one of the two participants' program activities.

Recommendations

UAW-LETC management:

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a non-profit public benefit corporation
an equal employment opportunity employer

1. Ensure that staff completes the IEP in accordance with WIA guidelines.
2. Ensure that staff accurately reports the participants' program activities into the JTA system within 30 days of the program activities as required by the County contract.

Agency Response:

UAW-LETC program management has conducted staff re-training to review agency procedures in completing IEP documentation in accordance with program requirements. Program management will conduct random sampling of the IEP document on a monthly basis.

UAW-LETC program management has review the procedures and timelines associated with JTA input requirements and timelines to ensure compliance.

EXPENDITURES/PROCUREMENT

Results

UAW-LETC over billed CSS \$440 in unsupported program expenditures. Specifically, UAW-LETC did not provide adequate documentation to support \$400 in bus tokens purchased during FY 2006-07.

Subsequent to our review, UAW-LETC provided additional documentation to support the expenditures.

Recommendations

3. UAW-LETC management ensures that adequate documentation is maintained to support the program expenditures.

Agency Response:

UAW-LETC fiscal management has reviewed the agency guidelines for documenting program expenditures with the appropriate. Fiscal documentation review will be conducted on a quarterly basis to ensure oversight of the expenditure/procurement activities.

PAYROLL/PERSONNEL

Results

UAW-LETC appropriately charged payroll expenditures to the WIA program. However, UAW-LETC did not obtain a criminal record clearance for the one employee assigned to the WIA program. This finding was noted during the prior year's monitoring report.

Subsequent to our review, UAW-LETC obtained the criminal record clearance for the one employee.

Recommendations

4. UAW-LETC management ensure that a criminal record clearance is obtained for the employee assigned to the WIA program.

Agency Response:

UAW-LETC management staff had previously revised its Human Resources procedures to ensure that all criminal clearances for new employees are obtained in a timely manner. This included the creation of a checklist to include criminal background clearance. The employee assigned to this program was hired in 1997.

Response Summary

UAW-LETC management is appreciative of the technical assistance and professional courtesy demonstrated by the staff of the County of Los Angeles Auditor-Controller's Office. If you have any questions or required clarification on any response noted in this correspondence, please feel free to contact Audrey M. Holmes, VP/COO and/or Philip Tan, VP/CFO at our corporate office (562) 989-7700.